



State of Utah

Department of  
Natural Resources

ROBERT L. MORGAN  
Executive Director

Division of  
Oil, Gas & Mining

LOWELL P. BRAXTON  
Division Director

OLENE S. WALKER  
Governor

GAYLE F. McKEACHNIE  
Lieutenant Governor

June 24, 2004

TO: Lowell P. Braxton, Director ✓ *mon*

THRU: Mary Ann Wright, Associate Director

THRU: Wayne Hedberg, Permit Supervisor *WJH*

FROM: Doug Jensen, Senior Reclamation Engineer *DJ*

SUBJECT: Request for Approval of Form and Amount of Replacement Reclamation Surety, Kennecott Utah Copper Corporation, Copperton Concentrator Modernization/4<sup>th</sup> Line and UCD Modernization Mine, M/035/011, Salt Lake County, Utah

In performing the standard five-year review of the reclamation surety, and after site visits comparing the sites mentioned above with the map provided by the operator, the Division determined that escalation was all that was required to bring these mines into year 2008 dollars. Kennecott presently has two reclamation sureties totaling \$19,029,000 posted for these two projects. A new total of \$23,323,100 was required to bring the sites to current dollars.

Because these projects were previously bonded separately; the sureties were calculated and updated accordingly.

Project Name	Existing Surety (St. Paul Fire & Marine)	New LOC (Royal Bank of Scotland)	Total
Copperton Concentrator / 4 <sup>th</sup> Line	\$8,600,000	\$1,574,100	\$10,174,100
UCD Modernization	\$10,429,000	\$2,720,000	\$13,149,000
Grand Total			\$23,323,100

The operator has provided two Reclamation Contracts to accompany each surety.

Memo  
Page 2 of 2  
M/035/011  
June 24, 2004

If you are in agreement with the acceptance of the revised reclamation sureties and replacement Reclamation Contracts, please sign and date the documents. We will then provide Kennecott with copies of the updated documents and return the old Reclamation Contracts to Kennecott for their disposal. Thank you for your consideration of this request.

DJ:jb  
Enclosure: two MR-RC & surety  
O:\M035-SaltLake\M0350011-Copperton\final\Dir-sign-mem-06222004.doc

*Agnes*  
*LPB/25/09*



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

Michael O. Leavitt  
Governor


Lowell P. Braxton  
Division Director

September 9, 1998

LPD 9/14/98

TO: Lowell Braxton, Acting Director

THRU: Mary Ann Wright, Associate Director of Mining

FROM: D. Wayne Hedberg, Permit Supervisor 

RE: Request for Division Approval of Replacement Reclamation Surety Bonds, Kennecott Utah Copper Corporation and Kennecott Barneys Canyon Mining Company, Bingham Canyon Mine - UCD Modernization Project (M/035/011), Barneys Canyon Mine (M/035/009), and Hidden Treasure Exploration Project (E/045/075), Salt Lake County and Tooele County, Utah

On July 10, 1998, Kennecott Utah Copper Corporation and Kennecott Barneys Canyon Mining Company (Kennecott) provided the Division with replacement surety bonds for their Bingham Canyon Mine - UCD Modernization Project, the Hidden Treasure Exploration Project, and the Barneys Canyon Gold Mine. Kennecott has changed surety companies from American Home Assurance Company to St. Paul Fire and Marine Insurance Company. New reclamation contracts were required to accompany the new surety bonds and the completed contracts were received August 25, 1998.

Kennecott requested that the replacement bonds remain at the same dollar amount as currently held by the Division because we are only half way through the normal 5-year surety reevaluation time frame. The Division honored their request; therefore, the sureties were not adjusted to current dollars nor reescalated five years into the future. The three replacement surety bonds will be reevaluated in the year 2000.

The Division's council has performed a legal review of the replacement bonds and updated reclamation contracts and has found them to be acceptable. The Minerals Program requests that the Division Director also accept these new replacement sureties and reclamation contracts. Once signed and accepted, we will forward copies to Kennecott and also return the current bonds issued by American Home Assurance Company.

Thank you for your time and consideration of this request.

jb  
Kennecot.bnd